



County of Los Angeles **CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

June 17, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE THE SUBSTITUTION OF PROPERTIES PLEDGED UNDER THE
COUNTY TAX-EXEMPT COMMERCIAL PAPER PROGRAM; DELEGATE
AUTHORITY TO THE CHIEF EXECUTIVE OFFICE, COUNTY COUNSEL, AND
TREASURER AND TAX COLLECTOR TO EXECUTE NECESSARY
DOCUMENTATION
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This action will permit the Chief Executive Office, Treasurer and Tax Collector, and County Counsel to substitute various County-owned properties to be pledged to the County's tax-exempt commercial paper program in order to release courthouse properties for transfer to the State.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the substitution of properties pledged under the County's tax-exempt commercial paper program as described in this action.
2. Delegate to the Chief Executive Office, Treasurer and Tax Collector, and County Counsel the authority to prepare and execute all necessary documentation to substitute and add properties pledged under the County's tax-exempt commercial paper program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions are necessary to allow for the transfer of County courthouse properties to the State of California, pursuant to California Senate Bill 1732 and to substitute other County properties to maintain collateral levels of the tax-exempt commercial paper (TECP). The property substitution required to remove the courthouse properties from the TECP program will proceed following your Board's approval of this action. Our office will return to your Board in 2008-09 to request authorization to increase the size of TECP program above the existing \$335 million level authorized by your Board.

Background

In June 1997, your Board established the TECP program to replace an existing bond anticipation note program that had previously provided short-term financing for pre-construction costs. Under the terms of the existing program, the County must substitute properties in the program to maintain the required level of collateral to replace the values of the properties that it seeks to remove.

We seek your Board's approval to remove certain properties currently pledged to the TECP program and replace them with other properties. With the exception of the First Street Parking – Lot 26, which is being deleted in favor of the Grand Avenue Project, the properties to be removed from the TECP pledge are the County courthouses, which are to be transferred to the State. On June 5, 2008, the Los Angeles County Capital Asset Leasing Corporation (LAC-CAL) Board adopted a resolution authorizing the substitution of TECP pledged properties. A number of County properties included in the "Properties to Add" section in the chart below will be pledged to the TECP program to enable the substitution to take place. The properties that are selected will provide in aggregate the appropriate level of support to complete the property substitution. Our office will be completing the necessary appraisals to add properties, and the ultimate selection of properties to add to the program will depend on the order in which the appraisals are completed and the appraised values they provide. The TECP property substitution will proceed as quickly as possible in order to facilitate the release of the courthouse properties.

TECP Pledged Properties

PROPERTIES TO REMOVE

PROPERTIES TO ADD

First St Pkg - Lot 26	Olive View Medical Center	Fire Station 89 (Agoura Hills)
Norwalk Courthouse	Registrar-Recorder Headquarters	Fire Station 72 (Malibu)
Van Nuys Courthouse	Lost Hills Sheriff Station	Fire Station 108 (Santa Clarita)
Santa Monica Courthouse	Mira Loma Boy's Camp	Fire Station 136 (Palmdale)
Citrus Courthouse	Pitchess Visitor Center	Fire Station 93 (Palmdale)
Los Cerritos Courthouse	Pitchess Laundry	Long Beach Comp.Health Center
Glendale Courthouse	Pitchess Fueling Station	San Dimas Sheriff Station
Whittier Courthouse	Pitchess Med Security North	
San Pedro Courthouse	Central Jail Park Structure	
County Courthouse (Mosk)	Temple City Sheriff Station	
Compton Courthouse	Palmdale Sheriff Station	

Based on existing TECP-financed project expenditure requirements for ongoing statutorily required and high priority health and fire station projects previously authorized by your Board, the existing \$335 million TECP authorization is projected to be fully utilized by April 2009. Our office will return to your Board prior to that date to request authorization to increase TECP program authorization to ensure available financing capacity required to continue existing projects and fund additional projects which may be approved by your Board in the future.

FISCAL IMPACT/FINANCING

The substitution of properties pledged to the TECP program may increase net property insurance premiums as a result due to higher property values in the TECP program, which requires insurance for property values as well as for the annual fair rental value. These costs are unknown at this time due to the timing and valuation of the properties. Our office will identify funding to cover these costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

County Counsel and outside bond counsel will review property substitution documents.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will support ongoing high priority health and public safety projects by maintaining and facilitating a future increase in the TECP program authorization, thereby providing the necessary financing to continue project design and construction activities.

The Honorable Board of Supervisors
June 17, 2008
Page 4

CONCLUSIONS

Please return one adopted, stamped copy of this letter to my office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'WTF', followed by a stylized flourish.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
DJT:PB:zu

c: County Counsel
Auditor-Controller
Treasurer and Tax Collector